

SIXTEENTH ANNUAL REPORT

OF

**GASPÉ COPPER MINES,
LIMITED**

(No Personal Liability)



Year Ended December 31, 1966

GASPÉ COPPER MINES, LIMITED

(No Personal Liability)

Incorporated under the laws of Quebec

Authorized: 3,000,000 shares of the par value of \$1.00 each

Issued: 2,650,000 shares

DIRECTORS

JOHN R. BRADFIELD	-	-	-	-	-	-	-	-	-	Toronto
ANDRÉ MONAST	-	-	-	-	-	-	-	-	-	Quebec
R. V. PORRITT	-	-	-	-	-	-	-	-	-	Toronto
A. POWIS	-	-	-	-	-	-	-	-	-	Toronto
HON. JEAN RAYMOND	-	-	-	-	-	-	-	-	-	Montreal
W. S. ROW	-	-	-	-	-	-	-	-	-	Toronto
J. H. STOVEL	-	-	-	-	-	-	-	-	-	Toronto

OFFICERS

R. V. PORRITT	-	-	-	-	-	-	-	-	-	President
W. S. ROW	-	-	-	-	-	-	-	-	-	Vice-President
C. H. WINDELER	-	-	-	-	-	-	-	-	-	Secretary
E. K. CORK	-	-	-	-	-	-	-	-	-	Treasurer

GENERAL MANAGER

W. G. BRISSENDEN

TRANSFER AGENT AND REGISTRAR

EASTERN & CHARTERED TRUST COMPANY
Montreal

BANKERS

THE BANK OF NOVA SCOTIA

DIRECTORS' REPORT TO THE SHAREHOLDERS

EARNINGS PER SHARE

	1966	1965
Operating profit	<u>\$ 6.65</u>	<u>\$ 4.70</u>
Investment income	<u>.38</u>	<u>.27</u>
	<u>7.03</u>	<u>4.97</u>
Depreciation	<u>.90</u>	<u>1.57</u>
Income and production taxes	<u>2.71</u>	<u>1.37</u>
	<u>3.61</u>	<u>2.94</u>
	<u>\$ 3.42</u>	<u>\$ 2.03</u>

Dividends totalling \$1.80 per share were paid during 1966, compared to \$1.20 in 1965. On February 10, 1967, an interim dividend of 60¢ per share was declared, payable March 15th.

Operating profit improved due to higher copper prices. The lower depreciation charge reflects the full write-off of the original plant assets.

Development of the Copper Mountain Mine and expansion of the concentrator capacity to 11,000 tons per day are proceeding on schedule, \$8,138,000 of a total estimated cost of \$15,100,000 having been committed to the year end.

The appeals by both parties in the Company's action against the United Steelworkers Union, for damages arising from the illegal strike in 1957, were heard before the Quebec Court of Appeal late in 1966. Judgment is awaited.

With deep regret we record the death of Mr. N. C. Urquhart on September 3rd, 1966. Mr. Urquhart had been a Director since July 1953, and his broad knowledge and sound judgment made him an outstanding member of the Board.

Mr. John R. Bradfield was elected to the Board to fill the vacancy.

Your Directors wish to record their appreciation for the excellent performance of the Manager, Mr. J. A. Hall, the staff and employees throughout the year.

On behalf of the Board,

R. V. PORRITT,
President.

Toronto, Ontario,
February 10, 1967.

GASPE COPPER MINES, LIMITED (No Personal Liability)
(Incorporated under the laws of Quebec)

BALANCE SHEET

DECEMBER 31, 1966

(with comparative figures at December 31, 1965)

ASSETS

CURRENT ASSETS:

	1966	1965
Cash, including short-term deposits	\$12,349,415	\$ 4,556,502
Marketable investments, at cost (quoted market value \$3,990,000) ..	3,952,000	9,278,963
Accounts, advances and metal settlements receivable	4,216,792	3,803,413
Inventories of metals — at estimated realizable value	6,671,042	5,067,034
	27,189,249	22,705,912

TOWN OF MURDOCHVILLE DEBENTURES, at cost	375,900	416,900
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DEFERRED AND PREPAID ITEMS:

Stores, at cost	1,305,944	1,280,640
Agreements for sale of townsite houses	1,086,343	1,164,638
Miscellaneous (includes special refundable tax of \$300,000)	397,251	101,954
Copper Mountain Mine development	2,471,040	818,422
	5,260,578	3,365,654

FIXED ASSETS:

Land, buildings and equipment, at cost (including \$4,323,055 re Copper Mountain Mine)	46,920,793	44,378,967
Accumulated depreciation	39,494,183	37,326,186
	7,426,610	7,052,781
Mining properties, at nominal value	1	1
	7,426,611	7,052,782
	\$40,252,338	\$33,541,248

LIABILITIES

CURRENT LIABILITIES:

Accounts payable	\$ 1,367,212	\$ 1,641,170
Taxes payable	3,129,000	1,651,000
	4,496,212	3,292,170

TAXES ON INCOME DEFERRED TO FUTURE YEARS	2,100,000	894,000
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CAPITAL STOCK AND SURPLUS:

Capital stock —		
Authorized: 3,000,000 shares of \$ 1 each		
Issued: 2,650,000 shares	2,650,000	
Less discount	1,939,495	
	710,505	710,505
Earned surplus	32,945,621	28,644,573
	33,656,126	29,355,078
	\$40,252,338	\$33,541,248

On behalf of the Board:

R. V. PORRITT, Director.

W. S. ROW, Director.

GASPÉ COPPER MINES, LIMITED*(No Personal Liability)***STATEMENT OF OPERATIONS****FOR THE YEAR ENDED DECEMBER 31, 1966***(with comparative figures for the year 1965)*

REVENUE:	1966	1965
From metals and custom tolls	\$29,918,229	\$24,425,965
Investment income	1,010,505	711,245
	30,928,734	25,137,210
EXPENSE:		
Cost of metal production	11,518,082	11,110,390
Depreciation	2,392,178	4,161,551
Administration and general expenses (including directors' fees of \$8,424 in 1966)	764,528	851,767
Legal fees	3,537	9,436
	14,678,325	16,133,144
	16,250,409	9,004,066
PROVISION FOR:		
Quebec mining tax	1,837,497	661,615
Income taxes	5,341,864	2,956,712
	7,179,361	3,618,327
Net profit for the year	\$ 9,071,048	\$ 5,385,739

EARNED SURPLUS

Balance, beginning of year	\$28,644,573	\$26,438,834
Net profit for the year	9,071,048	5,385,739
	37,715,621	31,824,573
Less dividends paid	4,770,000	3,180,000
Balance, end of year	\$32,945,621	\$28,644,573

AUDITORS' REPORT

To the Shareholders of

GASPÉ COPPER MINES, LIMITED:

We have examined the balance sheet of Gaspé Copper Mines, Limited as at December 31, 1966, and the statements of operations and earned surplus for the year ended on that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion and according to the best of our information and the explanations given to us and as shown by the books of the company, the accompanying balance sheet and statements of operations and earned surplus are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the company as at December 31, 1966 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada,
February 7, 1967.

CLARKSON, GORDON & CO.,
Chartered Accountants

MANAGER'S REPORT

The President and Directors:

Dear Sirs:

I submit herewith my report covering operations for the year ended December 31, 1966.

NEEDLE MOUNTAIN MINE

Underground development consisted of 4,500 feet of drifting, 1,100 feet of raising, 500 feet of roadways, 1,500 cubic feet of sump excavation and 25,500 feet of exploration drilling. Stope preparation consisted of 2,600 feet of sub-drifting and 73,500 feet of diamond drilling to outline existing orebodies.

Ore mined amounted to 2,831,800 tons, including 87,600 tons of fluxing ores. Of the total, 1,481,100 tons came from underground and the remainder, 1,350,700 tons, from the open pit. Waste rock removal from the open pit amounted to 1,282,400 tons.

Ore reserves at year end reflected a net decrease of 2,045,000 tons.

January 1, 1966		January 1, 1967	
<u>Tons</u>	<u>% Cu.</u>	<u>Tons</u>	<u>% Cu.</u>
33,738,000	1.42	31,693,000	1.39

Concentrator

The concentrator operated at an average rate of 7,484 tons per day and treated 2,731,700 tons of ore. The average grade was 1.12% copper and, with mill recovery at 94.07%, concentrate production was 103,800 tons containing 28,764 tons of copper. Molybdenite concentrate containing 531,598 pounds of molybdenum was recovered.

The main conveyor belt from underground was replaced in October after hoisting 26,170,000 tons of ore.

Smelter

The smelter treated 266,800 tons of concentrate and fluxing ore, including 75,100 tons of custom concentrates. Anode production was 47,169 tons containing 46,980 tons of copper, 19,000 ounces of gold and 528,100 ounces of silver. Bismuth recovery was 36,913 pounds.

COPPER MOUNTAIN MINE

Preproduction work consisted of stripping 4,230,000 tons of waste rock. Some 14,900 feet of surface and underground diamond drilling was done.

Construction of the expanded plant facilities was on schedule. The mill extension building was fully enclosed and the conveyor piers and the base for the coarse ore stockpile were

completed. The foundations for the primary and secondary crushers were 90% completed and the crusher building foundations were almost ready for structural steel. The new maintenance garage was equipped and in operation. Production should commence before the end of this year.

Ore reserves were unchanged.

<u>Tons</u>	<u>% Cu.</u>
31,038,000	0.71

GENERAL

An adequate work force was maintained during the year.

The plant safety record remained at a high level. The results approached the good performance of the previous year when the employees of Gaspe Copper earned the Canada and Regional John T. Ryan Safety Trophies for the third successive year.

ACKNOWLEDGEMENTS

I wish to express my appreciation of the loyal and efficient services rendered by M. E. Taschereau, Assistant Manager; R. L. Coleman, Concentrator Superintendent; P. L. Fowler, Smelter Superintendent; J. C. White, Mine Superintendent; H. Tetu, Plant Construction Engineer; R. V. Broadhvest, Chief Accountant, A. Stothart, Electrical and Acting Plant Engineer and by their staffs and the employees.

Respectfully submitted,

J. A. HALL,
Manager.

Murdochville, Quebec,
January 23, 1967.

